

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-03 COME-00 DODE-00 FPC-01 H-03 INR-11 INT-08

L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01 SCI-06

SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02 PA-04 PRS-01

USIA-15 DRC-01 /179 W

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R 192129Z SEP 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 4528

INFO AMCONSUL MONTREAL

AMCONSUL TORONTO

LIMITED OFFICIAL USE OTTAWA 3026

E.O. 11652: N/A

TAGS: EFIN CA

SUBJECT: ECONOMIC FORECASTING

REF: STATE 179865 OTTAWA 2806

1. EMBASSY INFORMED BY BANK OF CANADA AND FINANCE DEPARTMENT OFFICIALS THAT NO REPEAT NO GOC AGENCY PUBLISHES PROJECTIONS OF CANADA'S INDUSTRIAL PRODUCTION INDEX. FINANCE DOES ECONOMIC FORECASTING BUT FIGURES ARE FOR "USE OF FINANCE MINISTER ONLY".

2. EMBASSY HAS ATTEMPTED WITHOUT SUCCESS THUS FAR TO OBTAIN FORECASTS FROM PRIVATE CONCERNS; HOWEVER, THEY NOT CONCERNED WITH INDUSTRIAL PRODUCTION PROJECTIONS BUT CONCENTRATE ON GLOBAL FIGURES SUCH AS GNP. SOME SECURITIES FIRMS AND OTHER PRIVATE AND GOC SOURCES STILL PROJECT REAL GROWTH IN CANADIAN GNP FOR 1974 OF 4 PERCENT AND 5 PERCENT FOR 1975 WHILE OTHERS SEE NO GROWTH FOR LAST HALF OF 1974 AND 3 1/2 PERCENT TO LIMITED OFFICIAL USE

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4 PERCENT REAL GROWTH FOR 1975.

3. LARGER NUMBER OF STRIKES DURING SECOND QUARTER
WAS PROBABLY IMPORTANT CAUSE OF SECOND QUARTER DECREASE
IN INDUSTRIAL PRODUCTION INDEX (222.5) FROM FIRST
QUARTER (224.6). 229 WORK STOPPAGES IN MAY WERE A
RECORD FOR A SINGLE MONTH.

4. GREAT MANY COLLECTIVE BARGAINING CONTRACTS ARE
BEING RENEWED DURING LAST FOUR MONTHS OF 1974 AND
POSSIBILITY OF STRIKES IS BIG QUESTION MARK IN
ATTEMPTING FORECAST INDUSTRIAL PRODUCTION.

5. BANK OF CANADA ECONOMIST TOLD EMBOFF INDUSTRIAL
PRODUCTION INDEX WOULD HAVE TO INCREASE BY 4 PERCENT FOR
1974 IN ORDER FOR GNP REMAIN CONSTANT. (IN 1973
CANADIAN REAL GNP INCREASED BY 7.25 PERCENT AND INDUSTRIAL
PRODUCTION INDEX INCREASED BY 8.3 PERCENT.)

6. EMBASSY WILL CONTINUE EFFORT OBTAIN FORECASTS OF
INDUSTRIAL PRODUCTION INDEX BUT WITH APPARENT STAG-
NATION OF CANADIAN ECONOMY, PROSPECTS FOR INCREASED
LABOR UNREST, AND EXOGENOUS FACTORS (SUCH AS FOREIGN
DEMAND FOR CANADIAN EXPORTS) PLAYING IMPORTANT ROLE
IN CANADIAN ECONOMY, MOST ANALYSTS HERE DECLINE TO
BE PINNED DOWN TO ABSOLUTE FIGURES.
PORTER

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